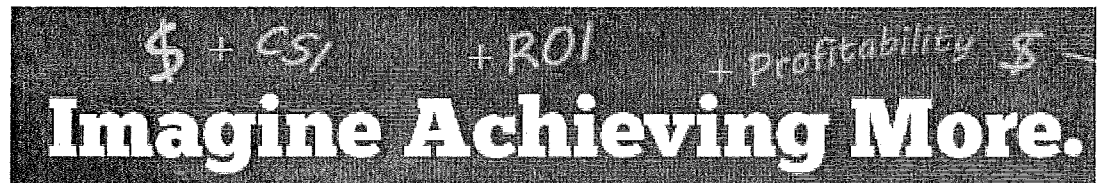


EXHIBIT A

Automotive News China | Automotive News Europe | Automobilwoche (German) | Automotive News CI



[Advanced Search](#) |



[Home](#) | [New Product](#) | [OEM\Suppliers](#) | [Dealers](#) | [Data Center](#) | [Opinion](#) | [Video](#) | [News](#)

[Suppliers](#) » Daily Email Wednesday

Supplier price-fixing probe could expand to more criminal pleas, billions in fines, lawyers say

Dustin Walsh

10 comments

Crain's Detroit Business -- October 26, 2011 - 1:40 pm ET

[Recommend \(6\)](#)

Text size: [Print](#) [Respond to Editor](#) [Reprints](#)

33 0 Google + 0 0 33

DETROIT -- The federal government's probe into price-fixing in the U.S. auto supply chain could result in jail time for more executives and potentially billions of dollars in fines, lawyers representing suppliers involved in the investigation said today at an industry event in suburban Detroit.

Furukawa Electric Co.'s recent \$200 million fine and jail time for three of its executives in relation to wire harness price fixing is just the tip of the iceberg, the lawyers said at the Society of Automotive Analysts event. One lawyer said the probe will go beyond wire harnesses.

Matthew Leitman, principal at Detroit law firm Miller, Canfield, Paddock and Stone, said more pleas are in the works that will involve jail time for executives and fines substantially larger than Furukawa's. The fines potentially at stake in the probe could be in the billions, raising the stakes for the long-term impact on the supply chain.

Leitman said the raids instantly triggered a race among suppliers to cooperate with the U.S. Department of Justice because of U.S. regulations.

Amnesty for cooperation

Companies that cooperate first or early in the investigation are offered more leniency, he said. One supplier cooperated with the DOJ, uncovering collusion, and received complete amnesty.

He did not identify the supplier.

The suppliers involved in the expansive global investigation into alleged collusion dating back to at least 2003 include: Yazaki North America Inc., Denso International America Inc. and Tokai Rika Group North America. Japan's Fair Trade Commission also raided the Tokyo offices of Furukawa, Sumitomo Electric Industries Ltd. and Yazaki Corp. The European Commission conducted similar unannounced inspections of the European offices of TRW Automotive Inc. and supplier Lear Corp.

Delphi Automotive LLP was also named in class-action lawsuits over the alleged price-fixing.

Besides Furukawa, all the other companies are being investigated, but have yet to be charged.

The fines could cripple a supplier's bottom line, said George Donnini, shareholder at Detroit law firm Butzel Long. The government's guideline for price-fixing fines are up to \$100 million or twice the income, he said. In this case, the government is assuming a 10-percent profit margin and doubling it, he said.

Beyond wire harnesses

The global automotive wiring harness market grew 32.2 percent to \$29 billion last year from \$21.9 billion in 2009, and could grow to \$32 billion by 2012, according to the Global and China Automotive Wiring Harness Industry Report, 2010-2011, released by Dublin, Ireland-based tech analyst firm Research and Markets earlier this year.

Yazaki accounts for nearly 30 percent of the global wire harness market. Sumitomo was fastest-growing with 24 percent, while Delphi was third with about 16.7 percent global market share.

The price-fixing investigation isn't stopping at wire harnesses, Donnini said.

Suppliers involved in the alleged wire harness price-fixing have turned over information on fraudulent activity in other product lines to get leniency from the DOJ. If a company involved in price-fixing in other segments doesn't come forward in this case, stiffer penalties will be enforced, he said.

"In the anti-trust arena, they offer amnesty and leniency and it creates perverse incentives to be the first in the door," Donnini said.

Contact Automotive News

advertising

